

## Message Text

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PASS: USDA FOR WITCHER, FRASER, WEBB, FAS: COFFING, ERS

E.O. 11652: N/A

TAGS: EAGR OECD

SUBJECT: COMMITTEE FOR AGR., 57TH SESSION, JAN 26-28

1. SUMMARY: OFFICERS REELECTED. WORLD SUPPLY AND DEMAND STUDY DISCUSSED FOR OVER 2 DAYS. DISCUSSION TO RESUME AFTER XCSS DISCUSSION. LATTER WILL TAKE PLACE AT AN UNSPECIFIED DATE AFTER REPORT IS REVIEWED BY DAC (NOW SCHEDULED FOR MARCH 8-9). ALL OTHER REPORTS ON AGENDA DISCUSSED. FRUIT AND VEGETABLES SCHEME AMENDMENTS RECOMMENDED FOR COUNCIL APPROVAL WITH 3 COUNTRIES RESERVING POSITIONS ON SOME OF THESE. SEED SCHEMES AMENDMENTS ON NONMEMBER CONTRIBUTIONS ALSO RECOMMENDED FOR COUNCIL APPROVAL, BUT PACKAGE SEALING AMENDMENTS REFERRED BACK TO SCHEMES. END SUMMARY.

2. R. ESTERUELAS (SPAIN) REELECTED CHAIRMAN, A.DEBOUVERIE (BELGIUM) AND G.O. FRASER (U.S.) VICE CHAIRMEN. ONLY MEMBER COUNTRIES NOT PRESENT: ICELAND, LUXEMBOURG AND, FOR ALL PRACTICAL PURPOSES, ITALY. AGENDA AGR/A(75)3 ADOPTED.

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3.A. STUDY OF TRENDS IN WORLD SUPPLY AND DEMAND OF MAJOR AGR COMMODITIES (C(75)157 AND "NOTE" WITH ANNEX AGR(75) 21) DISCUSSED FOR OVER 2 DAYS. SECRETARIAT (SIMANTOV) EXPLAINED THAT STUDY IS NOT A DRAFT BUT A PRELIMINARY REPORT BY THE SECGEN SUBJECT TO MINIMAL CORRECTION OF ERRORS AND POSSIBLY TO A FEW SELECTED REVISIONS BASED ON DISCUSSION IN SEVERAL COMMITTEES AND ON WRITTEN COMMENTS, WHICH HE INVITED. HOWEVER, THERE WILL BE NO MAJOR REWRITING. DENMARK (MORTENSEN) FORCEFULLY DEMANDED CLEAR STATEMENT OF BASIC ASSUMPTIONS UNDERLYING REPORT ECHOING COMMENT SUBMITTED IN WRITING BY USDA-ERS (FRIEND). AGRICULTURE, TRADE AND DEVELOPMENT ASSISTANCE COMMITTEE CHAIRMEN WILL SUBMIT WRITTEN REPORTS ON DISCUSSION IN THEIR COMMITTEES TO XCSS. THESE WILL BE CIRCULATED WELL IN ADVANCE OF XCSS MEETING. BASED UPON XCSS DISCUSSION, SECGEN WILL SUBMIT SUGGESTIONS TO COUNCIL. US (FRASER) RECOMMENDED EARLY PUBLICATION; CANADA (SHEFRIN) AGREED; UK (EDWARDS) HAD DIFFERENT VIEWPOINT. CONSENSUS THAT STUDY MUST BE DISCUSSED IN COMMITTEES BEFORE COUNCIL CAN DECIDE ON PUBLICATION. US (FRASER AND WEBB) ASKED FOR FURTHER DETAILED ANALYSIS POINTING TO ACTION NEEDED IN LIGHT OF EXTREME RANGE OF PROJECTED IMPORT REQUIREMENTS (CONCLUSIONS, PARS. 12 AND 33). LDC'S MUST RECOGNIZE FOOD PRODUCTION PRIORITY. MORE LIMITED ROLE OF CEREALS IN FEEDING QUESTIONED (P.89, PAR. 2). SOVIET AND CHINA CHAPTERS OUTDATED. CURRENT SOVIET GRAIN SHORTFALL WILL INFLUENCE WORLD DEMAND SITUATION FOR YEARS. CONVENING OF AD-HOC BODY TO ASSESS SITUATION RECOMMENDED. ALSO, IN US VIEW, EAST EUROPEAN OUTLOOK VIEWED TOO FAVORABLY IN STUDY.

3.B. GERMANY (GRABISCH) AND CANADA (WARE) ASKED FOR AN INDEX TO THE STUDY AND TABULATION OF DATA WITH INDICATION OF THEIR RELIABILITY. FINLAND (LUTZ) JUDGED OECD PROJECTIONS OF 1968 WRONG THUS IMPLICITLY IMPUGNING PRESENT STUDY. SIMANTOV ACKNOWLEDGED THAT ALL FORECASTS TEND TO BE BIASED IN A CONSERVATIVE DIRECTION, REFERRED TO INTELLECTUAL DIFFICULTY IN PROJECTING LARGE CHANGES. US (HIRSCH) WARNED AGAINST TOO MUCH IMAGINATION IN FORECASTING; DISCUSSED POOR QUANTITATIVE AND QUALITATIVE PROTEIN CONTENT OF NEW EUROPEAN HIGH-YIELDING WHEAT

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VARIETIES AND CRITICIZED REFERENCES TO "THE PROBABLE INCREASE IN THE PROTEIN CONTENT OF FEED GRAINS" AND TO "GROWTH OF SOYBEAN MEAL REQUIREMENTS TENDING TOWARD ZERO" (CH. VI, PAR. 10). REGARDING THE OUTLOOK FOR INCREASING MARKET INSTABILITY OVER THE NEXT 10 TO 15 YEARS' CONCLUSIONS (PAR.19) HE FELT THE THESIS HAD BEEN DEVELOPED TO THE POINT WHERE IT COULD NOT BE DISMISSED BUT HAD NOT BEEN CONCLU-

SIVELY PROVED EITHER. INVITING ADDITIONAL RESEARCH  
ON THIS POINT, HE ASKED WHETHER THE RECENTLY CONCLUDED  
US-USSR GRAIN TRADE AGREEMENT AND THE SOVIETS' PLANNED  
CONSTRUCTION OF 40 MILLION TONS OF STORAGE SPACE WERE  
NOT STABILIZING INFLUENCES AND HE CALLED ATTENTION TO THE  
CONTRACTION OF GRAIN FEEDING IN THE US IN 1974/75 WHICH

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IMPLIED MORE RELATIVE STABILITY FOR EXPORTS THAN HAD  
BEEN EXPECTED. REGARDING THE POSSIBILITY OF CHANGES IN  
THE US DAIRY PROGRAM (CH XV, PAR. 3, P. 349) THESE  
COULD BE AGENDA ITEMS AT MTN, IN EXCHANGE FOR MEANINGFUL  
AGRICULTURAL CONCESSIONS BY TRADING PARTNERS AS STATED BY  
THE SECRETARY OF AGRICULTURE. VIRTUALLY ALL OECD  
COUNTRIES WERE PROTECTING THEIR DAIRY INDUSTRIES.

3.C. ON SECOND DAY US (WEBB) PRESENTED DETAILED ANALYSIS  
OF LDC'S BASIC PROBLEMS, PRAISED BODY OF REPORT, AND  
CALLED AGAIN FOR EARLY PUBLICATION, PARTICULARLY FOR  
USE OF WORLD FOOD COUNCIL. SWEDEN (VON WARNSTEDT)

REITERATED LDC'S NEED TO INCREASE FOOD PRODUCTION, SUGGESTED OECD AREA'S FOOD PRODUCTION POTENTIAL MAY HAVE BEEN OVERSTATED, CALLED FOR DETERMINATION OF MARGINAL PRODUCTION COST IN DIFFERENT PARTS OF WORLD.

3.D. CANADA (SHEFRIN) CALLED FOR INTERNATIONAL COORDINATION OF PRICE POLICY AND FOR RESEARCH WHICH WOULD SIMULATE POLICY ACTIONS AND STUDY EFFECT ON PROJECTED UNCLASSIFIED

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FIGURES. (COMMENT: THIS RECOMMENDATION WAS MADE WITH CLEAR KNOWLEDGE THAT IT TRANSCENDS THE STUDY'S DESCRIBED "ASSUMPTION OF THE CONTINUATION OF EXISTING POLICIES"; SEE P. 1 OF STUDY). AUSTRALIA (HALL) PLEADED FOR MAINTENANCE OF IMPORT FLOWS AND FOR CHANGE OF POLICIES WHICH WOULD COUNTERACT THE MAINTENANCE OF SUCH FLOWS, WARNED AGAINST SELF-SUFFICIENCY TENDENCIES AND THEIR UNSTABILIZING EFFECTS (P.14). NEW ZEALAND (SHEPHERD) HAVING STATED ON THE FIRST DAY THAT MESSAGE OF STUDY FOR HIS COUNTRY WAS DISMAL, SAID HIS FIRST REACTION TO REPORT WAS TO SEEK SELF-DEFENSE. IMPLEMENTING CANADIAN SUGGESTION FOR SIMULATING POLICY ACTIONS HE INVITED CHAIRMAN TO INCLUDE IN HIS REPORT TO XCSS A LOOK AT THE INTERFACES OF THE DC'S, LDC'S AND CENTRALLY PLANNED COUNTRIES' ECONOMIC SPHERES. HE DREW CRITICAL ATTENTION TO MEAT AND DAIRY SELF-SUFFICIENCY TENDENCIES PROJECTED ON PP. 180 F.

3.E. EC (MALVE) REFERRED TO EARLIER US REFERENCE TO INADEQUATE RETURNS TO PRODUCERS. FOOD SAFETY COULD NOT BE ASSURED BY STOCKPILING WITHOUT CONSIDERING PRICE LEVELS. WEBB REBUTTED THAT HE HAD BEEN REFERRING TO LDC'S AND DEFINITELY NOT TO WESTERN EUROPE.

3.F. JAPAN (YOSHII) THOUGHT PREDICTION OF INCREASED INSTABILITY RESULTING FROM SELF-SUFFICIENCY WAS OVERSIMPLIFIED, COMMENDED LONG-TERM CONTRACTS AND IMPROVED INFORMATION SYSTEMS.

3.G. IN DISCUSSING THE DILEMMA OF OECD COUNTRIES BETWEEN PRODUCING FOR COMMERCIAL MARKET ONLY VS. "MITIGATING THE FOOD DEFICITS OF DEVELOPING COUNTRIES," US(WEBB) SAID USG TELLS FARMERS A YEAR AHEAD HOW MUCH AID WILL BE PROGRAMMED. GERMANY (GRABISCH) REJECTED PRODUCING FOR AID. CANADA AND DENMARK CALLED FOR INTERNATIONAL CONSULTATIONS IN FOOD AID PLANNING. NEW ZEALAND SAID ITS FARMERS DID NOT FAVOR EXPORTS ON CONCESSIONAL TERMS NOR WOULD THEY REDUCE PRODUCTION TO ABDICATE TO LDC'S. THEY WERE ENGAGED IN ECONOMIC PRODUCTION. YUGOSLAVIA (TRKULJA) CALLED THE FAO UNDER-

STANDING ON WORLD FOOD SECURITY A MODEST ENDEAVOR,  
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VIEWED THE SUCCESS OF THE US INITIATIVE IN THE  
INTERNATIONAL WHEAT COUNCIL WITH PESSIMISM, AND AGREED  
WITH NEW ZEALAND RE PRIMACY OF COMMERCIAL  
EXPORTS. EC COUNTERED THAT WE (IMPLYING OECD AREA)  
WOULD BE COMPELLED TO PRODUCE FOR LDC'S' REQUIRE-  
MENTS. FRANCE (LEGER) PLEADED FOR "ORGANIZATION OF  
MARKETS" AND ACCEPTANCE OF THE UNCTAD INTEGRATED PRO-  
GRAM APPROACH. CANADA AND GERMANY SUGGESTED THAT FAO'S  
COMMITTEE ON SURPLUS DISPOSAL OFFERED  
FLEXIBLE WAY FOR NONCOMMERCIAL DISPOSAL.

3.H. IN CONTEXT OF DISCUSSION OF MARKET FLUCTUATION  
PROBLEMS, US (WEBB) EXPLAINED NATURE OF US-USSR AGREE-  
MENT VS. THAT OF OTHER US ARRANGEMENTS. AUSTRALIA AND  
GREECE (BALTATZIS) WORRIED ABOUT WIDE FLUCTUATIONS  
IN RESIDUAL MARKETS.

3.I. ON THIRD DAY, CHAIR CAUTIONCAUTIOUSLY SUMMARIZED  
LENGTHY DISCUSSION AS FOLLOWS: REPORT HAS BEEN  
FAVORABLY RECEIVED, SECRETARIAT IS TO BE CONGRATULATED  
ON IT. SUGGESTIONS HAVE BEEN SUBMITTED WHICH COULD

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LEAD TO FURTHER WORK. XCSS WILL BE TOLD THAT COMM.  
FOR AGR. WILL WANT TO RECONSIDER REPORT WITH  
A VIEW TO FURTHER WORK.

4. INTERNATIONAL INITIATIVES AFFECTING FOOD AND AGRICUL-  
TURE, AGR(75)27, PRESENTED WITH FRANK STATEMENTS RE-  
GARDING GENERAL FEELING OF FAILURE OF FIRST WORLD FOOD  
COUNCIL (WFC) MEETING. CANADA (SHEFRIN) POINTED OUT  
THAT IN MANY GOVERNMENTS WFC RESPONSIBILITY LIES IN  
FOREIGN MINISTRIES. US (HIRSCH) SUMMARIZED US "WINTER  
WHEAT AND RYE SEEDINGS" AND "PROSPECTIVE PLANTINGS"  
REPORTS.

5. REPORT OF CONFERENCE OF DIRECTORS OF AGR RESEARCH,  
AGR(75)28. SIMANTOV PRESENTED REPORT AND CALLED  
RESULTS OF CONF FAR-REACHING. WHEN CHAIRMAN SPOKE  
WITHOUT MENTIONING HIS ROLE AT CONF, US (HIRSCH) TOLD  
COMMITTEE (1) THAT ITS CHAIRMAN HAD EFFECTIVELY  
ADDRESSED CONF POINTING OUT HOW ITS WORK RELATED TO  
OECD'S OVERALL PROGRAM FOR AGRICULTURE AND (2) THAT  
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SELECTION OF 4 COOPERATIVE RESEARCH AREAS WAS INTER ALIA  
DETERMINED BY THEIR IMPORTANCE FOR LDC'S AND THAT SUCH  
SELECTION MUST THUS BE JUDGED IN LIGHT OF  
POSTULATES FOR INCREASING LDC'S' PRODUCTIVITY  
IN WORLD STUDY (SEE ABOVE). FAO (BILDESHEIM) IN  
DETAILED INTERVENTION REPORTED WHAT IT IS DOING IN  
INTERNATIONAL RESEARCH COOPERATION THROUGH EUROPEAN  
COMMISSION ON AGRICULTURE.

6. SOME DELS PROCEEDED WITH DETAILED DISCUSSION OF THE  
2 MEAT DOCUMENTS, AGR(75)20 AND AGR/WP4(75)6. OTHERS  
ASSERTED THEY WERE UNPREPARED. CHAIR FAILED TO RESOLVE  
THIS DILEMMA SATISFACTORILY.

7. WITHOUT ANY SUCH COMPLAINT, COMMITTEE THEN DIS-  
CUSSED DAIRY DOCUMENTS AGR(75)29 AND  
AGR/WP3(75)14. FRANCE, US, NEW ZEALAND, AND BELGIUM  
COMMENDED SECRETARIAT'S WORK. US CALLED ATTENTION TO

AGR/WP3(76)1 AND 2 JUST ISSUED AND IN PARTICULAR TO TABULATION IN LATTER DOCUMENT SHOWING THAT IN US NONFAT DRY MILK (NFDM) IS LARGELY USED FOR DIRECT HUMAN CONSUMPTION IN CONTRAST TO ITS EUROPEAN USE PATTERN. SECRETARIAT (VIATTE) ENCOURAGED DELEGATES TO CONSULT THEIR OWN DAC COLLEAGUES ON NFDM USE IN FOOD AID.

8. COMMITTEE RECOMMENDED COUNCIL APPROVAL AND DEREGULATION OF F&V SCHEME ITEMS AGR(75)10, 14, AND 30 AND AGR(76)1 AND 2 WITH GERMANY AND UK RESERVING POSITION ON LAST TWO AND GERMANY AND CANADA ON AGR(75)14. IN LIGHT OF AUSTRALIAN, NEW ZEALAND, CANADIAN AND US COMMENTS, COMMITTEE RECOMMENDED THAT SCHEME EXAMINE PROBLEM OF STANDARDIZING PACKAGES AND CONTAINER SIZES FOR LONG-DISTANCE TRANSPORTATION BY SEA.

9. COMMITTEE RECOMMENDED COUNCIL APPROVAL OF SEED SCHEME ITEMS AGR(75)22, 23, 24, AND 25 RE METHOD OF CALCULATING NONMEMBERS' CONTRIBUTIONS, BUT REFERRED PROPOSALS RE SEALING OF PACKAGES BACK TO SCHEMES. STATUS OF SMALL LABEL AMENDMENT TO VEGETABLE SEED SCHEME NOT CLEAR.

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10. SIMANTOV REPORTED ON 18 SEPTEMBER 1975 MEETING OF COMMITTEE REPRESENTATIVES WITH IFAP AND ECA REPRESENTATIVES OBSERVING THAT LATTER TWO PREFERRED IN THE FUTURE TO BE HEARD BEFORE THE COMMITTEE'S OUTLOOK MEETINGS TO BEING ADVISED OF SUCH MEETINGS AFTERWARD.

11. LENGTHY DISCUSSION OF NEXT MEETING DATES. FINAL CONSENSUS: (1) JUNE WITH WORK PROGRAM FOR 1977 AS PRINCIPAL AGENDUM (OTHER POSSIBLE AGENDA, WORLD FOOD COUNCIL AND FURTHER DISCUSSION OF WORLD STUDY AFTER XCSS DISCUSSION); (2) OUTLOOK MEETING LATE SEPTEMBER OR EARLY OCTOBER.

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## Message Attributes

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